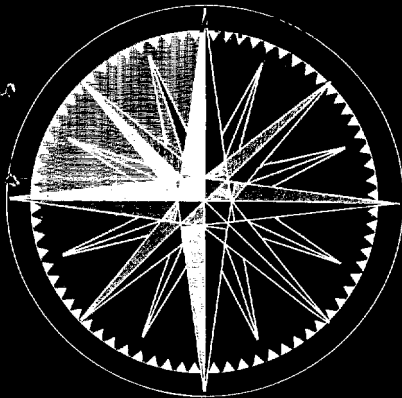


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# SPECIAL REPORT

INDIA'S FOOD SHORTAGE: CAUSES AND CONSEQUENCES

CENTRAL INTELLIGENCE AGENCY  
OFFICE OF CURRENT INTELLIGENCE

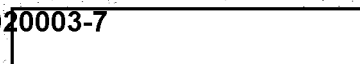
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## INDIA'S FOOD SHORTAGE: CAUSES AND CONSEQUENCES

During the past year India's chronic shortage of food has assumed such proportions as to pose a potential threat to the nation's stability. Food production has not kept up with the country's dynamic population growth, and the margin between survival and starvation has narrowed over the past four years. Price increases have especially hurt the urban population. Civil disturbances last year showed the extent of public unrest and damaged the standing of the Shastri government in its first year. Barring increased grain imports, a continued inadequacy of domestic food grains is in prospect, probably to be followed by a lessening of governmental effectiveness and a progressive erosion of Congress Party authority.

### New Delhi's Past Efforts

Although never providing much above a subsistence diet, India until recent years grew virtually all its own food-grain supplies, primarily wheat and rice. Population growth has steadily outstripped domestically produced food supplies, however. In an effort to alleviate this imbalance, New Delhi ever since independence in 1947 has regularly increased agricultural investment funds. It has also set up an elaborate system of agricultural extension services and land consolidation programs, introduced new seeds, fertilizers, and agricultural implements, and enacted various land-reform bills.

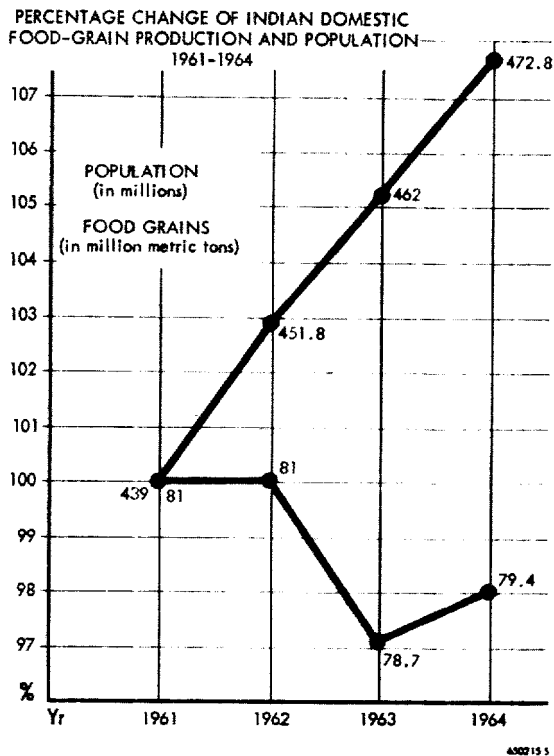
These measures, however, have often been thwarted at the state level and as a result have not had the desired effect. Most of the state governments, preoccupied with industrial development, have neglected the

growth of the economy's agricultural base, which directly supports 83 percent of the population. Indeed, in many instances the states have not used the appropriated funds.

During the past three years, India has fallen behind in the continuing race between food production and population growth. In the period beginning in 1962 food-grain output stagnated at about 80 million metric tons annually, while the population over these years grew by about 34 million, or about 8 percent. In order to stave off famine, New Delhi imported some 4 million metric tons of food grains each year, mostly from the US.

### The 1964 Crisis

In 1964 the shortage was the worst in independent India's history for, apart from the normal population increase, weather conditions were unfavorable.

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This encouraged farmers and merchants to hoard wheat and rice for speculation, thus aggravating the shortages and inflationary pressures. During the year, rice prices rose by 10 percent, and wheat by 28 percent.

The situation reached crisis proportions in the summer and fall. Widespread demonstrations were staged in the food-deficit states, and several riots and attempted looting of food stores required armed police intervention. Although the riots were controlled without major difficulty, a prolongation of the food crisis would probably have strained public security forces in several states. New Delhi tried to put the blame on unscrupulous merchants for their hoarding, and the political opposi-

tion pointed the finger at the Congress Party, regardless of whether poor distribution or low production caused the immediate crisis.

New Delhi adopted a succession of emergency measures. It sought initially to discourage speculation by making grain available through government channels at fairly low prices, but it lacked control of sufficient stocks. It then took police action to force release of hoarded supplies. This, too, failed to alleviate the shortages, for the government was unable to discover any substantial quantities of hoarded stocks, and many of the major offenders evaded seizure of grain stores because of their connections within the Congress Party.

New Delhi also attempted to equalize grain distribution by requiring that surplus grain from certain areas go only to designated deficit states. This plan also foundered on a simple lack of grain. In some of the most severely affected areas--New Delhi, Calcutta, and the state of Kerala--rationing was instituted, and continues. The program was started after the worst of the crisis, however, and has not been properly tested.

The Shastri government also stepped up purchases of food grains from abroad by some 75 percent. In US fiscal year 1965, the US is selling India 6.7 million metric tons of wheat and 300,000 metric tons of rice under the PL-480 program. The wheat comprises about 20 percent of US

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annual production. India has also imported minor additional quantities of food grains from Pakistan and Burma.

Despite prospects for a fairly good harvest this year, India will continue to rely on major foreign imports to prevent severe shortages, or indeed, famine. The Indians anticipate that by 1969, major quantities of domestically produced fertilizers will permit food production to keep pace with the demands of the rising population.

#### Political Implications

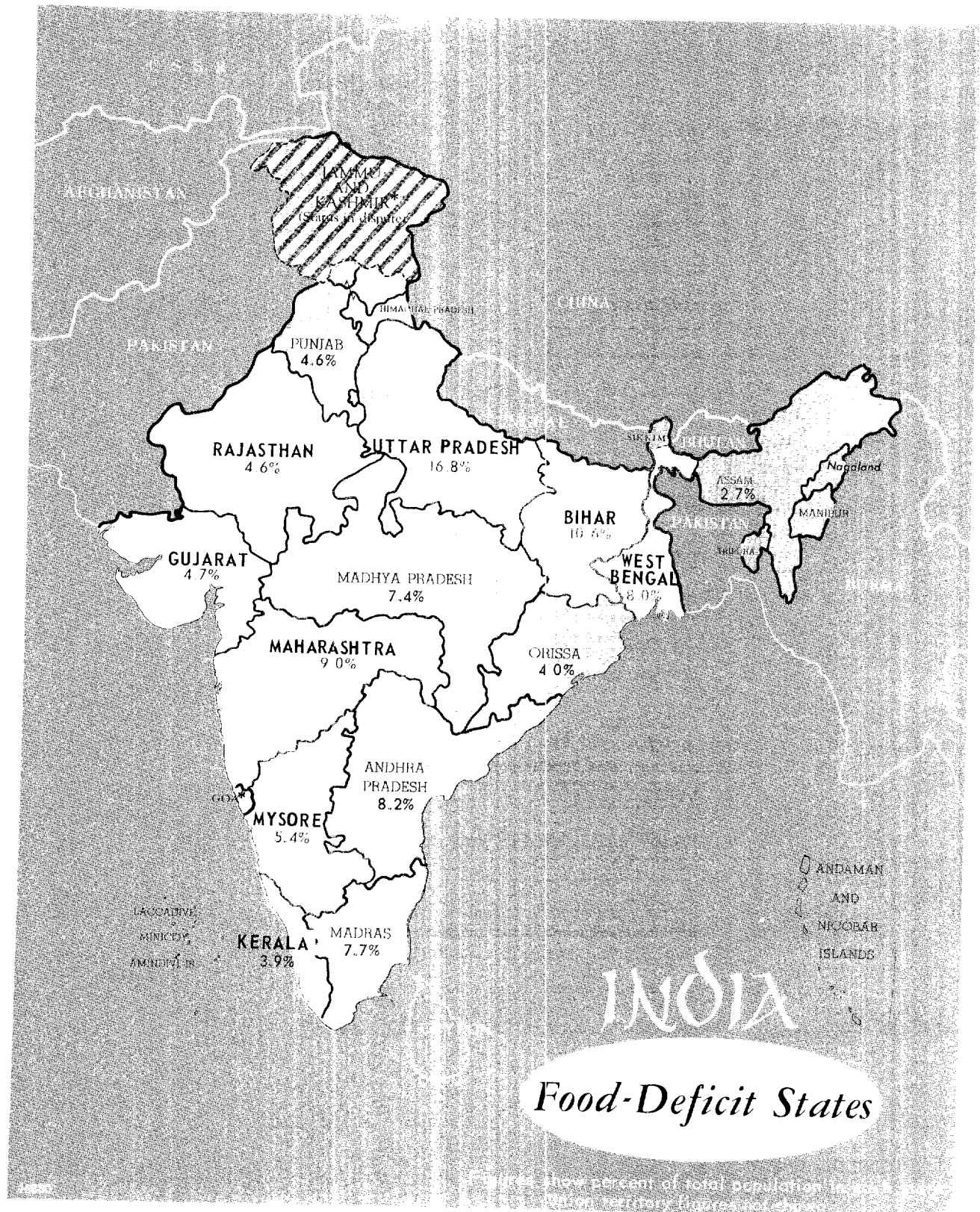
New civil disturbances are likely to accompany continued shortages. This cause of discontent, along with controversy concerning the adoption of a single official language and other endemic sources of unrest, may seriously damage the Congress Party's showing in the 1967 state and national elections. Party unity has slowly deteriorated during the 18 years of independence, and with Nehru's unifying force removed, this trend is likely to accelerate even without any pervasive food problem.

Because of the fragmented opposition, the Congress Party now manages to rule with the support of considerably less than half the electorate. If

Congress should lose as little as 5 percent of its popular backing in the food deficit states of Kerala, Uttar Pradesh, and West Bengal, which account for 29 percent of India's population, it is likely to lose control over them. The remaining food-deficit states--Mysore, Rajasthan, Bihar, Gujarat, and Maharashtra--account for another 34 percent of the population, and the Congress Party is likely to be damaged there as well. Even in the surplus areas, the Congress Party's reputation has been hurt as a result of food price increases. Major setbacks in the states would endanger, although probably not end, Congress Party control of the national government.

At least over the next year or so, the influence of the predominantly democratic, secular Congress Party probably will not fall sharply, if only because of its deeply entrenched position. If and when Congress fortunes do begin to slip, Hindu communalist groups--factions within the Congress Party as well as other non-Communist parties such as the Jan Sangh--are more likely to reap the benefits than is the divided Communist movement. However, the Communists--both the Peiping- and Moscow-oriented wings--would be quick to try to exploit any general decline in India's political stability or civil order.

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Any serious weakening of the Congress Party's domination of the political scene would end two decades of stability. Along with the efficiency and professionalism of the all-India civil services, the nationwide control long exercised by the Congress has been the principal factor enabling coordination within elements of the central government and between New Delhi and the states. Thus any further disruption of unity and central direction within the party and any loss of governmental authority by party

members would give fuller scope to the nation's numerous divisive and subversive elements. This in turn would probably produce a formal shift in power from the center to provincial and local governments--the traditional units of power in the subcontinent--and further hinder New Delhi's efforts to foster economic development, allocate scarce resources, and gradually mold the country's half billion diverse people into a coherent nation.

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